

PLAIN TALKS

March
1983



The Only Thing Certain is Change...

MAIL BOX

THE COVER

The butterfly and cocoon remind us that not only is change possible; it is imminent. The world does not stand still. As the world changes, we witness changes in our lives at home and at work, and in the life of our company. With that in mind, Susan Gilley and T. J. Reyes have examined a decade of changes in the life of GSU and some of its employees, as well as changes yet to come. Many of you have contributed information and photos for these stories, and we thank you. Join us inside as we see that "the only thing certain is change."

Jay Gonzales
Beaumont, Texas
Mr. Gonzales:

How can I say thank you? I certainly appreciate all of your trouble and effort. You really enlightened our company to many errors we made in our design. Perhaps Pizza Hut will use these ideas in their new decor schemes for renovating the old units such as mine.

You truly helped me to explain my high utility cost to my superiors. Hopefully, they may use this information to prevent further waste. Thank you!

Fondly,
Tammy Griner
Area Manager, Pizza Hut, Inc.

Editor's Note: This letter was received after Jay Gonzales, Beaumont consumer service representative, gave a walk-through energy audit.

Joe DeJean
Edison Museum

Dear Mr. DeJean:

Taking this opportunity to drop you a line of thanks for giving my Pop and me a sneak preview of the Edison Museum. Aside from seeing my old stomping grounds at Camp (now Fort) Rucker, Ala. and New Orleans again, this was the highlight of our trip to as far as Houston/Galveston and back. Really got a "kick out of it." Terrific! Much luck and good fortune with your future operations. I don't know if you remember us ... I am a stockholder in GSU and I think the museum is a credit to the company, the city, and the whole area ...

C. J. Fischetti
Melbourne, FL

Gulf States Utilities Company
To Whom It May Concern:

I had to write and let you know how amazed and pleased I was to discover there are still a few "HONEST" people in the world. Some time last weekend I had "misplaced" the inside holder of my pocketbook with my driver's license, credit cards, etc. in it. Thursday in the mail was an envelope from Gulf States Utilities with my holder in it containing **all** my belongings (not one thing missing).

It was found in the street between the new GSU building and the telephone building in downtown Beaumont on February 23, 1983.

If it was one of your employees who found it and turned it in, I truly believe they should be commended in the highest manner. I thank you very much.

Pat Homme

Editor's Note: Bob Brookshear, supervisor-economic analysis and corporate modeling, found the holder near Edison Plaza. Brookshear credits Mary Brady, secretary, for its safe return to Homme. Both GSU employees work in corporate planning.

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Employees who change residences or offices should fill out company mailing-address-change forms (GSU0012-00-81) and return them to the mailroom in the Edison Plaza. GSU publications, departmental mailings and other company information are not automatically forwarded; addresses must be corrected when employees move.

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NEWS BRIEFS

Heberts add personal touch

"It was the personal commitment of Sonny and Ruth Hebert that made the difference," according to Larry Rhodes, local United Way industrial coordinator. The volunteer work of Hebert, a serviceman-1st class in Port Arthur, and his wife, Ruth, helped make the Port Arthur GSU office one of only two local firms to qualify for a special United Way award.

The Gold Award of Excellence is presented to any group in which one-half of the pledges given fall into the generous category, about 4¾ cents per hour, or higher.

The Heberts offered personal testimonies to Port Arthur employees on how United Way has touched their lives by helping an ill granddaughter. Hebert, a 36-year GSU veteran, was the employee chairman for the United Way drive.

When presenting the award to Ron McKenzie, vice president-Port Arthur Division, Rhodes commented that "in light of economic hard times, (Gulf States employees) once again demonstrate their concern for their community and their fellow neighbors."

Rhodes, a Gulf Oil employee on loan to the United Way campaign, noted that the Gulf States office increased its contributions from last year by 44 percent, pointing out that the "need is greater (now) because of the economy."

Retired Choctaw serviceman dies

Sylvester Chandler Fugler, 63, died Feb. 22. He retired in 1981 as a serviceman — 1st class in the Gas Department of the Choctaw service center.

He is survived by three daughters, Christine Douglas, Stephanie Ballard and Fay Hill; three grandchildren; a sister, Adelle Fontenot; and five brothers, Wilburn, Johnny, William B., B. B. Jr. and Alden Fugler.

He was a member of Winbourne United Methodist Church and Baton Rouge Masonic Lodge No. 372.



The winning tug of war team included (from left) Belinda Mire, Brenda Davis, Sheila Fontenot, Martha Zoch and Avar Guillory.

Tug of war highlights fair

More than 1,100 Beaumont Division employees and their families celebrated the second annual Safety Fair last Oct. 9 at the Live Wires Club in Silsbee, feasting on barbecue and playing games. Teams from Neches Station, Orange, Silsbee, Vidor and the Beaumont Service Center vied for trophies in such diverse contests as a canoe race, volleyball, downhill skiing, a tug of war and a sack race. A special challenge competition pitted the women of the Beaumont Service Center and Neches Station in a tug of war. The service center women won and were presented a trophy by Bill Tholborn, division safety representative. Sponsors called the event a big success and promise even more fun in the 1983 fair.



The Beaumont substation team won the volleyball contest.

Beaumont Division retiree dies

Steve Glach, 61, died Feb. 14. He retired as a maintenance foreman at Neches Station.

He is survived by his wife, Delorise Glach; a stepson, Marris King Jr.; a stepdaughter, Ann Emert; four brothers, Louis Glach, Frank Praznik, John Praznik and Joseph Praznik; a sister, Ann Quarles and five grandchildren.

Sluggers ready for tournament

Gulf States employees itching for a return to the softball diamond after a long winter's rest should start exercising those arm and leg muscles, dust off equipment and gear up for the annual GSU Softball Tournament. This year's contest of wills and skills is set for Saturday, April 30 at Beaumont Municipal Complex number three, diamonds G, H and I. The tournament gets underway at 7 a.m. and will finish under the lights when the championship team will be determined. Because of the time, the tournament will be limited to the first 20 teams to enter.

Trophies are to be presented to teams finishing from first to sixth place, for most valuable player, home run over the fence and sportsmanship. Also, players in the top three teams will be in line for individual trophies. Game times and opponents will be chosen by random drawing April 15. There is an entry fee of \$65.



The Texas Army marches on

by T. J. Reyes

Some people enjoy reading about historical events; others are content to wait for the movie version. But Bill Reynolds actively pursues his interests in history and in guns. The combination of these activities makes him a natural for the Texas Army.

The Texas Army, recommissioned in 1969 by Gov. Preston Smith, is a group dedicated to keeping alive the memory of the brave men who fought for Texas' independence from Mexico in the 1830s.

The group re-enacts battles of that struggle for freedom, complete with buckskin dress and weaponry of the era, explains Reynolds.

Commissioned as a colonel in the Texas Army in 1976, Reynolds works at Gulf States' Edison Plaza as coordinator of furniture and office equip-

ment standards. He adds that the lowest rank in the Texas Army is colonel, so everyone is an officer. As in the regiment that fought at the original battle at San Jacinto, members of the recommissioned army must be at least 16 years of age.

An extra touch of authenticity is added to Reynolds' uniform because he makes his own muzzle-loading firearm reproductions. One gun may take four to six months to complete, including the time spent researching the particular model he will reproduce. As a result of his painstaking craftsmanship, Reynolds is slowly building, literally, his collection of the blackpowder guns.

Marilyn, his wife, commutes from the couple's home in Orange to her job as a secretary at Nelson Station.

Because of her supportive indulgence of his "military duty," Reynolds fondly refers to his wife as his "most faithful camp follower." She even agreed to surprise his fellow officers and friends by marrying Bill at a Texas Army regimental dance.

In the past, the group has participated in numerous Texas historical celebrations and parades, the recent governor's inauguration and a tourism film to help lure visitors to the state. The Texas Army has even come to the attention of those on the international scene. When King Olav of Norway came to the United States last fall, he scheduled time during his trip to see the army in action. Members have traveled to the nation's Capitol to make President Reagan an honorary colonel of the army.



Norway's King Olav inspects the Texas Army troops.

Marilyn and Bill Reynolds

In the past 10 years

How has your life changed?

by Susan Gilley



Summa Stelly, vice president — Louisiana operations, and Earl Broussard.

"I lost my hair ..."

At least 15 years have passed since Earl Broussard sat in a barber's chair — and for at least 12 years prior to that he seldom needed a trim.

But those facts do not bother 55-year-old Broussard, who recalls that he first started losing his hair when he was a college sophomore. "It really didn't dawn on me that I was going to be bald until a few years later, when I was about 22 or 23. Then I realized that I would be a bald man before I was 30 years old," Broussard reveals.

Broussard's increasingly-shiny pate did not send the young Louisianian to the nearest drug store for an anti-hair loss remedy. "To be honest, it didn't really bother me," he insists. By the time he married Marcelle at age 26, "There was no doubt that my wife knew she was marrying a bald man. I had about 14 strands of hair that I was still trying to comb." Two years later, Broussard opted for a "GI haircut" — the kind favored by Yul Brynner and Telly Savalas. Mrs. Broussard simply runs the clippers over his head occasionally to even out the few remaining locks.

In his job as manager-governmental affairs/Louisiana, Broussard often works with influential politicians; he finds the experience anything but hair-raising.

"I earned my degree ..."

When her life slows to anything less than a hectic pace, Donna Hatton starts looking for more things to do.

Hatton hired on with GSU as a part-time employee in Computer Applications in May 1982 while she was attending Lamar University full time. She had previously worked part time in sales and clerical positions. Hatton, now 22, became a full time employee in October 1982, almost three months before graduating from Lamar with a bachelor's degree in computer science.

While she describes her college degree as "a good background," she adds, "I still had an awful lot to learn." The academic preparation made it easier for her to understand a new computer and a different system,



Butch Fowler

Throughout 1980, Diane Harrison's life was neatly compartmentalized into her work and her home life with her husband, Donald, and their two children. With Yolanda in the sixth grade and Michael in the third grade, the youngsters did not need constant parental care.

But Harrison's life began a drastic change in the early 1980s, first with an unexpected pregnancy in mid-1980, and later, just two weeks before delivery, when a sonogram detected two babies.

but, she insists, "There's no way to learn beforehand exactly what you will need on the job."

Donna Hatton



"I changed careers ..."

For nine years, C. W. "Butch" Fowler was his own boss as he managed an independent grocery store in Willis, Texas.

That meant he usually put in 10-hour days, seven days a week.

In March 1973, Fowler made a drastic career change, becoming an employee of GSU's Lewis Creek Station. Now, 10 years into his GSU career, Fowler is a test technician-1st class who remembers the switch as the "biggest change" in his life thus far. "I loved it. I started working regular hours and I didn't know what to do with my weekends."

Fowler found other advantages to his career change. "At GSU, the company seemed interested in me. I felt people were trying to teach me something and were actually taking an interest in me," he says. Small businesses, such as independent grocers, often lack sophisticated employee development programs.

The regular hours at the power plant enabled Fowler to spend more time with his four youngsters and his wife, Jean, who is a licensed vocational nurse and a paramedic.



Don Parker

"I had a triple bypass ..."

Eating habits represent only one of the changes Don Parker made after undergoing triple bypass surgery in mid-February 1981.

The Mid-County district accounting supervisor says, "I used to eat a lot of ice cream in the evenings while I watched television. Now I eat popsicles."

Since Parker's health has improved, it is easier for the 23-year company veteran to joke about his former condition.

Parker first detected problems in the summer of 1980. "Whenever I exerted or exercised — even just mowing the grass — I would get angina burning

across my chest. I thought it was because I had an office job." At the time, Parker was supervisor of credit and collections in Port Arthur.

The attacks of pain became so intense that Parker finally went to his physician in February 1981. Tests revealed three blocked arteries. After corrective surgery, Parker was hospitalized about 10 days, then spent two months recuperating at home before returning to work.

Since the surgery, Parker feels better. "Before, I might have wanted to do something, but I just didn't have the energy."

"I retired ..."

Carl Beaumont confesses that he still "gets a little homesick" when he visits the Port Arthur Division offices.

A 43-year veteran of the company, Beaumont retired last Oct. 1 as a general line supervisor in Port Arthur. He believes the transition was eased by the fact that he has stayed busy. The 65-year-old man spends part of almost every day working with his 23 beef cattle, repairing fences, feeding the livestock and performing other chores.

Before retirement, Beaumont's workday often stretched from 6:30 a.m. until 4 p.m. "I made my own hours, because I liked them. The work gets in your blood," he insists, pointing out that his pulse still quickens when bad weather threatens the GSU transmission and distribution system.

"I miss it, but I've adjusted real well," he adds. Beaumont uses the

extra time to work with a larger garden than once was possible and to help his son, Mike, drum up business for the younger man's air charter service in Deer Park.

Carl Beaumont



"twins ..."

"When I first found out, I started laughing, but when I let it all soak in, I started crying," she recalls.

The Baton Rouge customer contact clerk says the dual emotions have persisted for the two years since Kevin and Keith were born Feb. 3, 1981. She admits they can be double trouble, as when she searched vainly for the pair, only to find them after one could not resist waving through the open door of their hiding place — the clothes dryer.

The biggest adjustment for Harrison was finding time for herself — but that challenge has also become her greatest triumph. Not only did she manage to reduce her weight from a size 18 to a size 9, but the busy mother of four has become a part-time student at Southern University pursuing a degree in business management.

Kevin, Diane and Keith Harrison



How has your work changed?

by T. J. Reyes

Increased mobility

Ask any lineman and he'll probably tell you that climbing poles is hard work, but it is part of providing our customers with dependable service. One change which has made that part of the lineman's job easier is the aerial basket.

When Emmitt VanEman began his 28-year career with Gulf States, there was no other way to get to the top of a pole. Now, as a utility foreman in Vidor, VanEman says that the safety factor alone makes the baskets valuable.

Although he points out that the aerial baskets can be used only where poles are accessible by truck, the additional mobility makes working from a basket safer than from an insulated platform. According to VanEman, a lineman can use a basket to put his work "almost in his lap." Work has become less of a physical strain and can be done in less time."

Emmitt VanEman



Karen McConnell

Catalogued library

When Karen McConnell began her job as librarian in 1979, there was no catalogued company library. Now Edison Plaza houses over 10,000 books in the Corporate Library and there are eight satellite libraries throughout the company. Employees can use the libraries to find helpful information for their work.

GSU has used computer-assisted information networks to locate books in other libraries for several years now, but one new system, NEXIS, does more than just identify the source and location of needed data. McConnell explains that NEXIS can search for a

given topic through an ever-growing list of publications — which includes wire services, magazines and reference books — and also offers the advantage of full-text printouts of requested data. With the help of this information network, the GSU library can find and obtain data quicker and easier.

Microwave network

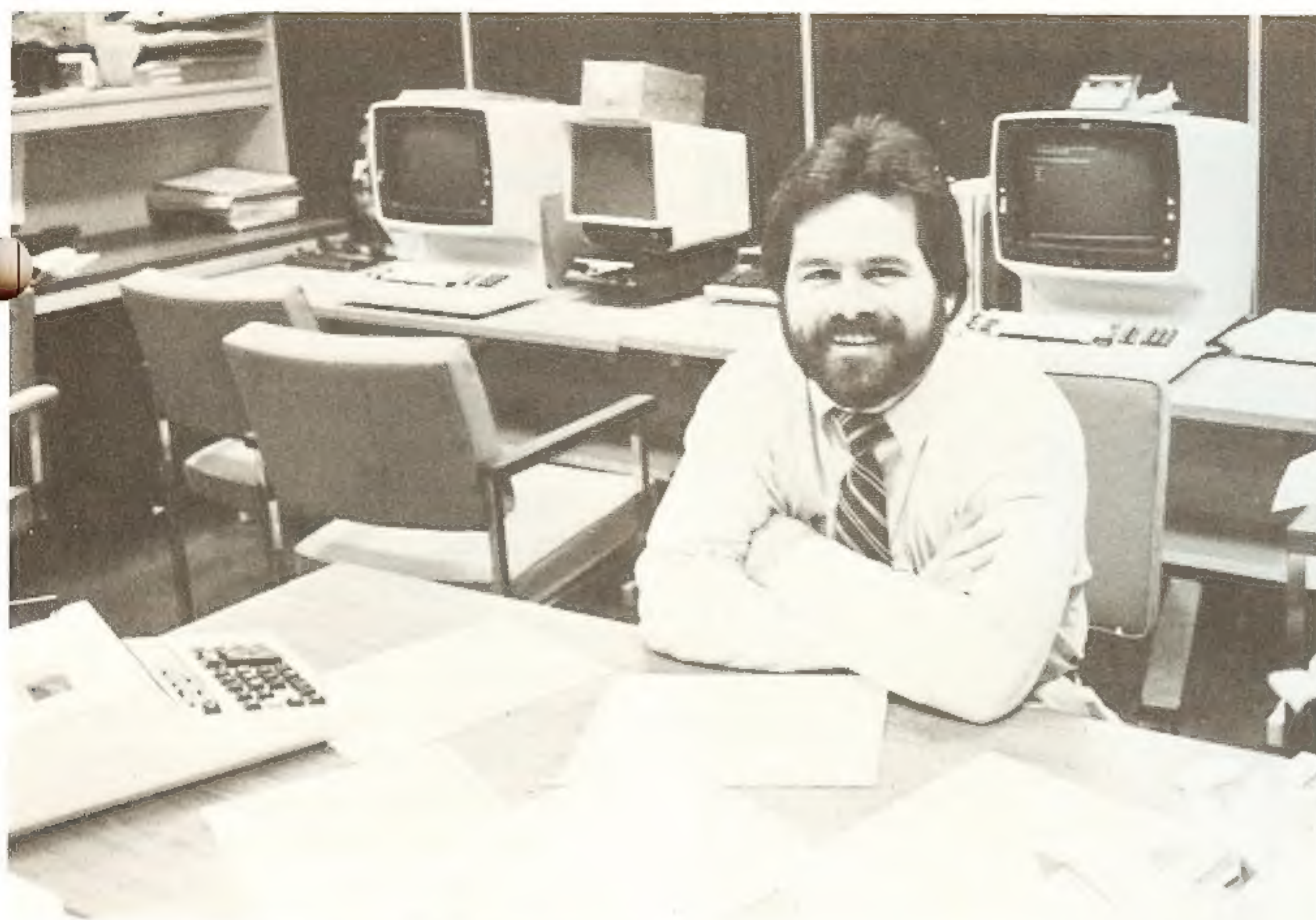
The microwave dishes on the roof of the Liberty-Pearl Complex, some 20 stories above Beaumont, are a highly visible but very small part of the Gulf States microwave communications network. A pioneer among private users, GSU first used microwaves in a two-channel system linking Louisiana Station with Clinton, La., in 1955.

According to John Hargrove, communications engineer, as telecommunications regulations changed and new uses were found, GSU has developed its system in many ways. Division and District Customer Accounting uses it to access the corporate computers in Edison Plaza.

GSU's protective relay systems use the microwaves in a warning system for detecting faulty transmission lines. If abnormal conditions are indicated, circuit breakers at each end of the problem line are instructed to open, thus isolating that line.

Changes in the laws governing the telephone company helped shape a GSU-owned telephone system. The telephone network will choose the most economical and efficient method to





Bobby Beattie

Less paperwork

Bobby Beattie, staff accountant in Tax Services, knows that one change to a single figure can mean recalculating an entire stack of spread sheets. His job is depreciation accounting where, among other things, Beattie keeps up with the write-off of all the plant facilities of the company. The challenge of meeting constantly changing regulatory demands while keeping the strongest possible financial position for Gulf States was often impeded by the paper work before ADRS was introduced.

Before adapting ADRS (A Departmental Reporting System) with the help of the Computer Applications' Information Center, routine and repetitive work needed to support financial decisions or a rate case could take several weeks to complete. Now with the use of this software package, report preparation is often cut to a few hours, freeing Beattie and other professionals like him to devote more time to other productive efforts.

By speeding up the information-gathering process, reports that were once performed only a few times a year, because of the amount of work required, can now be done weekly, or even daily if desired. Along with a greatly reduced math error factor, the new method allows time for forecasting and planning rather than just reacting to financial and regulatory changes. That saves Gulf States money.



John Hargrove

process calls made from Gulf States offices. This path may be through Southwestern Bell, our microwave system or a combination.

As communications engineer, Hargrove oversees the engineering efforts and construction efforts begun last year to upgrade the microwave network to specifications effective in 1985. By the end of 1984, his work will help increase the system's capacity to 2880 channels and provide two separate communication routes to each division for more dependable service.



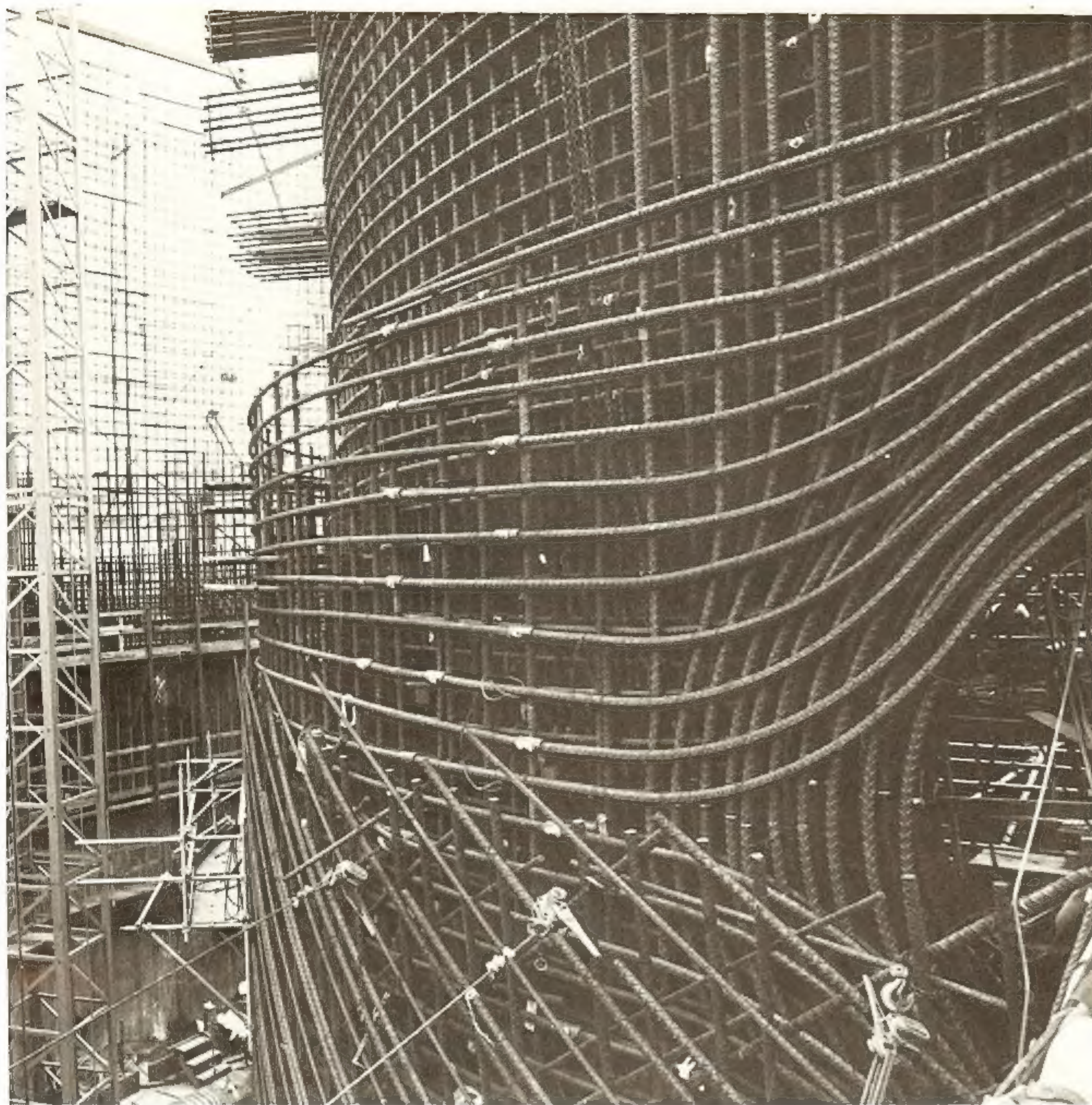
Hard hat habit pays off

by Mike Rodgers

"If I hadn't had it on, that would've been the end." That's how T & D Line helper Tony Hamm feels about his hard hat these days. The 20-year-old New Caney native had a close call last Dec. 17 in the town he calls home in GSU's Western Division. After someone cut a tree with a chain saw, causing it to fall across a power line and hit the ground, Hamm and another crewman were dispatched to the site to make the necessary repairs.

As they were using a hoist to bring the line up to its proper position, the line suddenly snapped. Hamm, standing about 30 feet away, heard the crewman shout "headache," a standard signal warning everyone to get out of the way fast. The line, with a hoist at the end, swept across the road, caught Hamm full force on the hard hat, leaving the line helper with a laceration on the head and a slight concussion. He received first aid at the job site until an ambulance arrived and rushed him to a hospital. Later, the doctor told Hamm he was surprised that the force of the blow hadn't knocked him unconscious.

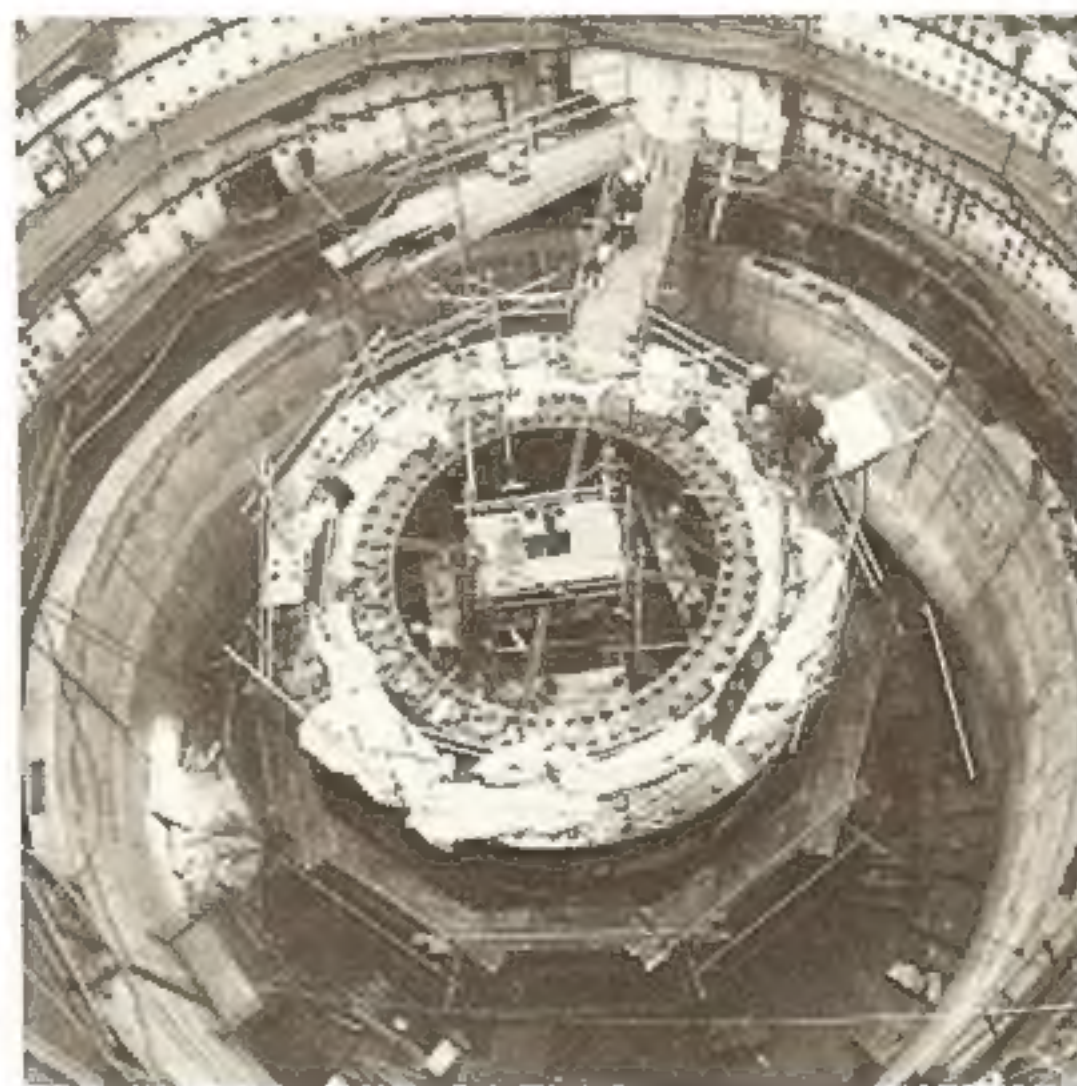
Hamm was assigned to light duty for a week before returning to his old job. The experience made him a confirmed believer in the value of wearing a hard hat on the job since he credits it with saving his life. Hamm was issued a different hard hat and was allowed to keep the damaged one as a souvenir.



Above: The drywell wall/shield wall rebar area under construction at River Bend in October 1980.

Right: The drywell interior in January 1981.

Below: Jobs adapt to changing conditions, but employee training programs continue to help accomplish the historic company goals of employee safety and dependable service.



How has GS

The electric utility industry faced new and greater challenges in 1973, and your company was no exception."

With that opening sentence in the 1973 annual report, then-Board Chairman Floyd Smith reviewed the landmark year that signaled a flood of change. Many of the changes made in the following 10 years have been somehow related to the acute oil and gas shortages of 1973.

Smith told shareholders about company plans to utilize coal in the generation of electricity — a dream that came true when Nelson 6 went on line in the spring of 1982.

During 1973, company officials announced plans for two 940-megawatt nuclear-fueled generating units to be located near St. Francisville, La., and two 930-megawatt nuclear-fueled generating units in north Newton County, Texas. The units were expected to be placed in service during the 1980s. Inflation and a slowdown in the growth rate helped alter those plans, however, leading to cancellation of the Blue Hills project in Texas in 1978. Work on River Bend 1 in Louisiana is now about two-thirds complete. Commercial operation is scheduled in late 1985.

GSU's promotional advertising "was drastically altered in view of market changes caused by the fuel crisis" in 1973. Rather than promoting increased usage, the consumer communications program — the predecessor of today's Consumer Services and Public Affairs departments — began informing customers about efficient energy management. In late 1982, the marketing message changed again, with emphasis placed on building off-peak load so as to even out the overall load picture. Conservation during peak hours continues to be an important message.

In his 1973 message, Smith credited GSU's 3,177 employees for the "success of the company. At the time, the company served more than 398,000 customers.

In the intervening years, the number of employees increased to cope with greater challenges presented by more

I changed?

By Susan Gilley



customers, economic conditions and government regulation. The company ended the 1970s with more than 4,000 employees on the payroll. Near the end of 1980, the company added its 500,000th customer.

By the mid-1970s, company officials were defining GSU's most pressing challenges as dwindling supplies of natural gas and oil for boiler fuel, more expensive technological requirements, the high cost of investment capital, inflation and regulatory lag.

In early 1978, Smith retired, ending his 43-year company career. His successor was W. Donham Crawford, a former president of the Edison Electric Institute.

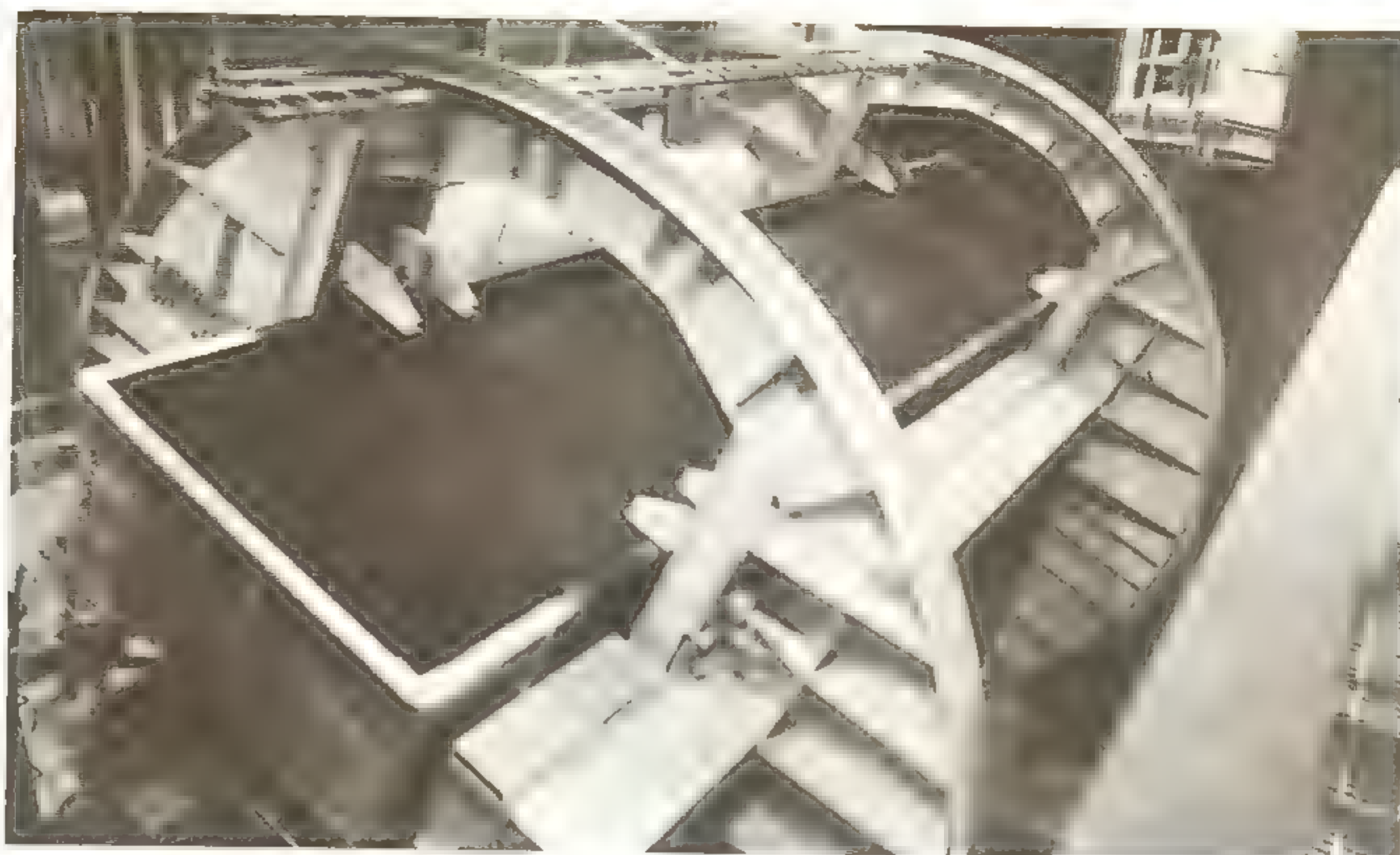
Crawford led the company through four years, including most of 1978, when the GSU service area remained relatively unscathed by the hard economic times plaguing the rest of the country.

In 1979, the 100th anniversary of Thomas Edison's invention of the incandescent electric light bulb, the company's last large oil/gas-fired unit — Sabine No. 5 — was completed.

Although GSU continued to face the adversities it had battled throughout the 1970s, yet another foe appeared in 1980. A summer-long heat wave and drought assailed the Sunbelt that year, severely straining GSU and other electric utilities. Milestones of the year included surpassing the \$1 billion mark in operating revenues for the first time and reaching the half-million mark in the number of customers served. (More than half of the revenue figure was attributable to fuel costs, which were passed along to customers with no profit to the company.)

GSU entered the field of oil and gas exploration with the purchase of Prudential Drilling Co. in 1981. It was purchased entirely out of shareholders' equity with 588,000 shares of GSU common stock.

In August 1981, Crawford went on a medical leave of absence so he could undergo treatment for a rare nerve disease. Norman R. Lee, president and chief operating officer, was named acting chief executive officer.



The contents of Nelson 6's first coal car spill into a giant hopper under the rotary dumper building. Clamps hold the rail car in place.

Some of the company's 1,200 downtown Beaumont employees began the move into Edison Plaza, the new, 17-story corporate headquarters, in December.

More major changes were in store in 1982, when Crawford announced his medical retirement and the board of directors elected board member Dr. Paul Murrill as his replacement.

A decade in review

1973: GSU faces acute oil and gas shortages, related to the OPEC ban on oil exports to the U.S.; plans announced for coal- and nuclear-fueled generating plants; conservation message replaces promotional advertising.

1974: Economy of the service area less adversely affected than other parts of the country, as hundreds of millions of dollars worth of industrial construction was started or publicly announced during the year.

1977: W. Donham Crawford, president of the Edison Electric Institute, elected to the GSU board of directors.

1978: Floyd Smith retires as chairman of the board and principal executive officer; Crawford named chairman of the board and chief executive officer; Dr. Paul Murrill, then chancellor of Louisiana State University in Baton Rouge, elected to the board.

1979: GSU's last large oil/gas-fired unit — Sabine No. 5 — is completed.

1980: Heat wave and drought strains GSU and other electric utilities in the Sunbelt; GSU gains its 500,000th customer and surpasses the \$1 billion mark in operating revenues.

1981: GSU purchases Prudential Drilling Co.; Crawford takes medical leave of absence; Norman R. Lee, president and chief operating officer, is named acting chief executive; some downtown Beaumont employees begin the move into Edison Plaza.

1982: Nelson 6, the company's first coal-fired unit, goes on line; Nelson 7, a 90-megawatt peaking unit, is completed on time; construction on River Bend 1 passes the halfway mark; Crawford takes medical retirement; Dr. Murrill named board chairman and chief executive officer; Edison Plaza dedicated.

How will GSU change in the future?



River Bend I will be GSU's first nuclear power plant.

by T. J. Reyes

This look at changes in our personal lives, our work and the company itself may arouse curiosity about the future. No one can predict the future, but there should be familiarity with some of the changes to come. There will undoubtedly be change in our future. As a company, though, we will continue to work toward the goal of providing all our customers with dependable service at reasonable rates while maintaining the financial health of the company.

One area that has been given emphasis is diversification, or widening, of our fuel mix with supplemental sources that are cost-competitive. This emphasis will not change as Gulf States will continue to be active in many projects to help relieve our dependency on natural gas, the fuel now used to generate about 90 percent of the power produced by GSU. To make the move away from natural gas will mean change.

Coal will be vital in replacing our use of natural gas. Nelson 6 power plant, in operation since the spring of 1982, burns over 300 tons of coal per

hour when operating at full capacity. In addition, research is in progress to determine if coal can be converted into another form, such as gas or an ultra-fine powder, and burned in furnaces of our other power plants.

About 66 percent complete at the end of February, River Bend I will be GSU's first nuclear plant. Under current regulations it often takes about 15 years to complete a nuclear facility from conception to operation. Gulf States is close to this schedule. Training of the River Bend operations staff is already underway, and additional training will be provided on the control room simulator which will be at the GSU training center near St. Francisville, beginning July 1983.

Communications will also be an area of change. Gulf States works hard to communicate with its customers and has generally received favorable marks for doing so. As the emphasis in communications with customers turns strongly to conservation and making users aware of the higher costs of providing service, there will be more two-way communication. This will tell

GSU the wants and needs of its customers while the customers will learn of company objectives from the exchange. Also, new marketing efforts will benefit both GSU and its customers.

Two programs Gulf States will devote attention to in the future are its commitment to strengthen area economic development and increase sales of off-peak electricity. Direct mail materials will be used to attract new businesses to the GSU service area. Lower industrial energy sales last year clearly show this utility is not recession-proof. Adding new industries to the area would help strengthen GSU's industrial sales while those new businesses could offer employment for residents in areas hard hit by changes in the economy.

Historically, conservation efforts have been directed at reducing peak loads. Promoting off-peak usage is one way to achieve that goal. Special rates, such as time-of-day which has already been introduced to industrial customers, will be extended soon to residential users.

Which is better — an appointed or elected utility commission?

Public interest in Texas has focused recently on the value of elected public utility regulatory commissions.

Out of the 50 commissions which regulate electric utilities in 49 states and the District of Columbia, only 11 are elected. The remaining commissions are appointed. Not counted among the state commissions is that of Nebraska, which regulates only telephone companies.

Despite their regulated status, utilities are not insulated from the same problems that plague the economy in general, such as inflation and burdensome interest rates.

Proponents of an elected commission say elected regulators, under the watchful eye of the voters, would "take the hard line" on utilities by approving lower rates of return. Consequently, they suggest, customers would benefit from lower utility bills.

Necessary Rate relief

Experience suggests, that state utility regulators, whether appointed or elected, are unable to effect certain changes necessary to lower utility bills over the long term, asserts Dr. Linn Draper, GSU's senior vice president for external affairs. "The real problem is not regulation in Austin or Baton Rouge, but regulation in Washington," he says.

"Washington has been on a regulatory binge over the past three decades, trying to solve problems with rules and regulations. Expensive fuels, high interest rates and high inflation rates are all products of the government's tendency to over-spend, over-promise and over-react," Draper continues. State utility commissioners are not empowered to roll back natural gas prices, reduce interest rates on utility bonds or lower power plant construction costs.

According to Draper, earnings represent only a small portion of rate payers' expenditures. "When utilities are allowed the necessary rate relief, they are able to channel resources into projects that can contribute to the efficiency of operations," he suggests.

Energy costs

Capital and its related costs represent over 35 percent of the total cost of providing electric energy. Some critics suggest that high bond ratings indicate too much profit, but the record shows that utilities' high interest costs are reduced by high bond ratings.

Bonds are the principal source of funds for capital-intensive utility companies. If a utility has an AAA (the highest) rating, it can sell first mortgage bonds at an interest rate more than 1 percent lower than a company with an A rating. A study by the Public Utility Commission of Texas showed that in the winter of 1982, a residential customer using 750 kilowatt hours per month paid an average of \$41.26 if served by an AAA utility; \$45.72 if

served by an AA utility; \$50.72 if served by an A utility; or \$53.87 if served by a B utility.

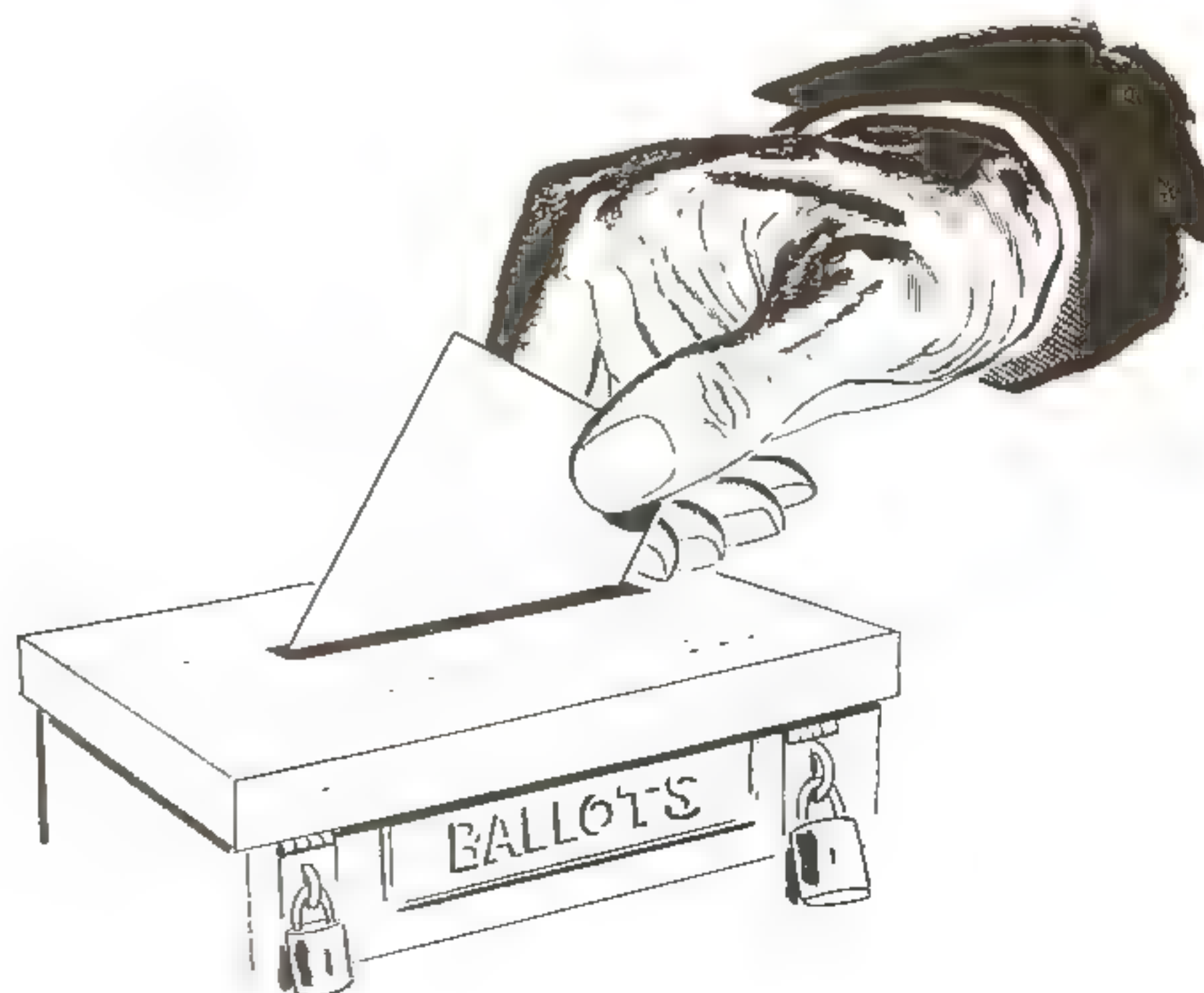
As a matter of fact, adds Draper, since 1977, the PUC has consistently authorized a lower return on shareholder equity for AAA-rated utilities than for those rated lower. "A high credit rating helps hold down interest costs, the total cost of capital and customers' bills," notes Draper.

Since GSU serves a two-state area, the company has been regulated in Louisiana for decades by the elected Public Service Commission and in Texas since 1976 by the appointed PUC.

The national trend is away from electing utility regulators. In fact, an elected public utility commission has not been established since Alabama created its own commission in 1915. While different states have proposed establishing elected commissions since then, the proposals either have not made it to the ballot or have been rejected. Last fall, voters in Ohio and Michigan turned down referenda that would have switched their commissions from appointed to elected ones.

Under fire

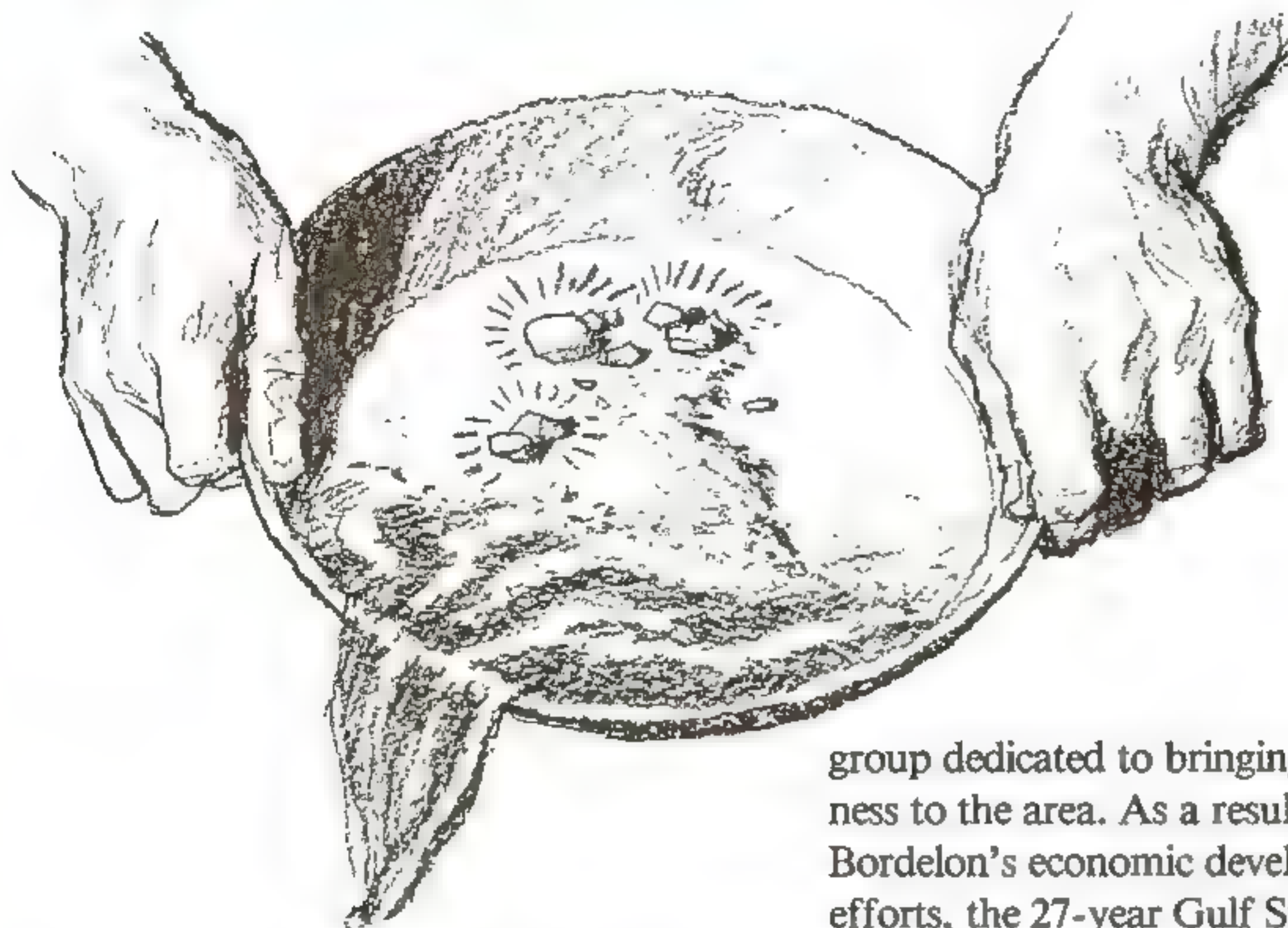
All utility regulators are on the firing line, whether they are elected or appointed. The job is a tough one, and appointed regulators may have the edge. They do not have to worry about gearing up for re-election and can devote more time to performing their work.



Prospecting

By Susan Gilley

It's not quite the same as panning for gold, but planning and promotional efforts underway in several towns could really pay off — both for the communities and for GSU.



A community that develops industrial or new business prospects and plans for the anticipated growth is probably more likely to prosper than one that does neither.

And the benefits of such long-range planning and promotion have more far-reaching consequences, too, suggests John Bordelon, GSU's coordinator-economic development. "It helps to maintain economic stability in the GSU service area when communities are prepared for growth and when new business can be attracted to the area," Bordelon explains.

Honorary citizen

In his job, Bordelon administers the Texas Certified City Program (TCCP), which helps small towns without planning commissions analyze their pluses and minuses. Bordelon is president of the newly-formed Southeast Texas Economic Development Coalition, a



John Bordelon

group dedicated to bringing new business to the area. As a result of Bordelon's economic development efforts, the 27-year Gulf Stater was rewarded in a more personal way, too. While attending the Tyler County Chamber of Commerce annual banquet in Woodville Jan. 20, Bordelon was surprised by being named as "Honorary Citizen of Tyler County."

Woodville is one of six towns participating in the TCCP, which is a pilot program jointly sponsored by GSU and Texas A&M. Other participants are Port Neches, Nederland, Groves, Kosse and Groveton.

Each town is given a manual to complete. Included is a survey questionnaire which asks a sample from the community to rate planning and development activities, cultural enrichment, community service and other aspects of community life. They are also asked to identify the most influential persons in the community, as well as the most influential businesses, groups or organizations.

The rest of the manual seeks specific information about different areas of community life — city codes, planning, fire protection, fuel and power supply. As a whole, the manual covers just about anything that would figure in a company's decision to locate a new facility.

"The format helps a community look at where it is now and decide where it needs to go in specific areas. It may take 10 years for a community to be certified, but the analysis helps com-

munity leaders set goals in specific areas of need," Bordelon says. Prospects are impressed by such work. "If an industry is coming in and sees that a community has a well-planned program for growth, then it knows that it can settle there and work with the community," he continues.

Match-making

Members of the coalition represent 13 chambers of commerce and one school board. Bordelon sums up the philosophy behind the joint effort: "The coalition members realize that an industry that locates in this region will benefit every community." With that in mind, the coalition established a five-person committee that matches the needs of a prospect with the community that can best meet those needs.

Although the coalition has been formally organized only a few months, it already has a couple of success stories to its credit. After preparing what Bordelon describes as "a 12-minute, first-class slide presentation" promoting the area, the coalition "took our show on the road." One stop was in Houston, where a chamber of commerce manager there helped arrange a meeting for representatives of area industries. About 100 attended the session, and 23 of those indicated on response cards that they would be interested in checking out the offerings of the coalition. Individual chambers followed up on the prospects.

In another instance, the Beaumont chamber helped locate a North Carolina-based firm in nearby Dayton.

According to Bordelon, the set-up is ideal for smaller towns which lack city planning departments. By joining forces with other towns, including Beaumont, Orange and Port Arthur, individual towns "gain a lot more clout," he explains. The larger cities benefit, too, since industrialists initially look at regions rather than communities when considering expansion. "We feel that industries and new businesses can be more easily attracted to a region that presents a united front — and that's our ultimate goal within the coalition," Bordelon concludes.

SERVICE AWARDS

40
years



Helen Cunningham
Division Accounting
Sour Lake

30
years



William Barrow
Plant Production
Louisiana Station



Jimmy Lusk
Electric T&D
Beaumont

20
years



Jean L. Spitznagle
Human Resources
Beaumont

10
years



Clarence W. Fowler
Plant Production
Lewis Creek Station



Michael W. Frederick
Electric T&D
Port Arthur



Leonard Roy Jr.
Electric T&D
Port Arthur



Jack C. Saxon
Consumer Services
Port Arthur



Virginia Goble
Office Services
Beaumont



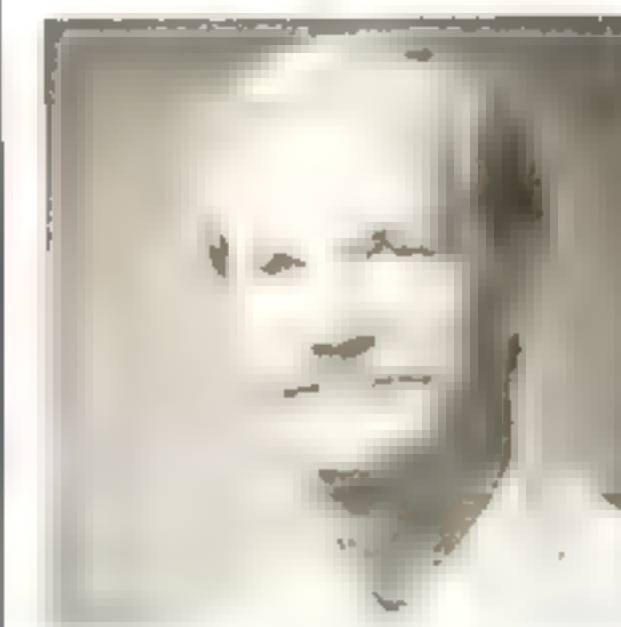
Kent D. Girouard
Electric T&D
Port Arthur



Henry O. Toups III
Electric T&D
Baton Rouge



Alvin A. Trahan
Electric T&D
Lake Charles



James G. Hancock
Office Services
Beaumont



Sandra C. Hinson
Division Accounting
Port Arthur



Jacob Wallace
Electric T&D
Beaumont



Blaine D. Page
Plant Production
Lewis Creek Station



Jerry D. Peairs
Gas Department
Baton Rouge



New arrival announced

Lindsey Schneider was born on Nov. 23, 1982, to George and Heidi Schneider. The baby's father, a meter reader in Winnie, reports that little Lindsey weighed 6 pounds at birth and measured 18 inches long.

Lindsey is also the first grandchild of Gulf States employee George Ann LaGrappe, who is Heidi's mother. LaGrappe works in Edison Plaza as a training representative.

YMCA cites Conroe coach

"I enjoy helping young people reach their potential," says Andy Rodriguez, senior engineering assistant, Conroe. Rodriguez is the recipient of the Jim Welch Football Coaching Award from the YMCA.

Rodriguez, who coached 10-year-olds during the 1982 season, was selected for the award by other coaches and YMCA staff because of his spirit and dedication.

Rodriguez and his wife Bess have two children, Debbie, 11, and Jody, 10.

Co-workers surprise Jordan

Mary Jordan, division accounting coordinator in Beaumont, celebrated her birthday at least twice this year. Although her birthday is on Jan. 4, it wasn't until a few days later that co-workers heard Jordan mention that

balloon bouquets seemed like a fun idea. So, friends decided to surprise her with a birthday balloon bouquet.



Jordan, a Gulf States employee for 26 years, is shown with her balloons and the clown who delivered the surprise.

Fowl play



What do you do when two turkeys hit your windshield? If you're Baton Rouge employees Bill Withers, T & D substation mechanic — 1st class, and Clay Randall, T & D substation mechanic — 4th class, you check the damage, report the accident, pick up the turkeys and plan a roast turkey dinner.

That is, until officials of the Louisiana Wildlife and Fisheries Department hear your news; then they take away your turkeys.



Phares' son chosen honor guard for Queen

If John Phares is beaming, it is because his son Mark, a Marine private, recently served as part of an honor guard for England's Queen Elizabeth.

When the Beaumont senior engineering assistant's son finished basic training, he was one of only 20 selected from his class of 600 to serve as a part of a presidential guard on an aircraft carrier. Young Phares, who finished fourth out of 600, is presently based in San Diego undergoing further training.

Phares, who has been with GSU 25 years, says his 21-year-old son is a graduate of Nederland High School.

Masonic leader Parker dies

Earl C. Parker, 84, died Jan. 31. He retired from GSU with 36 years of service. He was a patrolman in Madisonville.

Parker is survived by his wife, Myrtie, and children, Margaret Touchstone, Dorothy Graham, Janie Price, Earl C. Parker Jr., James F. Parker, Mary Ethel Butler and Owen Kornegay. Other survivors are his sister, Mrs. Alma Phillips; two generations of grandchildren and numerous nieces and nephews.

He was a past member of the Masonic Lodge 704 and past worthy patron of the Eastern Star Chapter 193.

INSIDE GSU



Senior taps her way to first place

Linda Tharp, daughter of Bernice Tharp, a departmental clerk in Conroe, recently won first place in a tap competition at the Symposium Talent Contest in Dallas. Now she will compete in national competition to be held in Rochester, Minn.

The Conroe High School senior plans to attend college and become a professional model or dancer.



Mitchell family welcomes daughter

Kara LaJoy Mitchell was born in St. Elizabeth's Hospital, Beaumont, on Nov. 10, 1982, weighing 6 pounds, 10 ounces and measuring 19½ inches long.

She lives with her mother, Bonnie Mitchell, a departmental clerk in Records Management, and father, LaCharles Mitchell, in Beaumont. The couple has one son, Audwin, 18.

Simonsens welcome daughter

Neil and Julie Simonsen welcomed a daughter, Kacy Ann, on Nov. 29, 1982. Kacy weighed 7 pounds, 9 ounces and was 20 inches long at birth. Her father, Neil, is a dispatcher at the Conroe Service Center.



Louisiana Station electrician dies

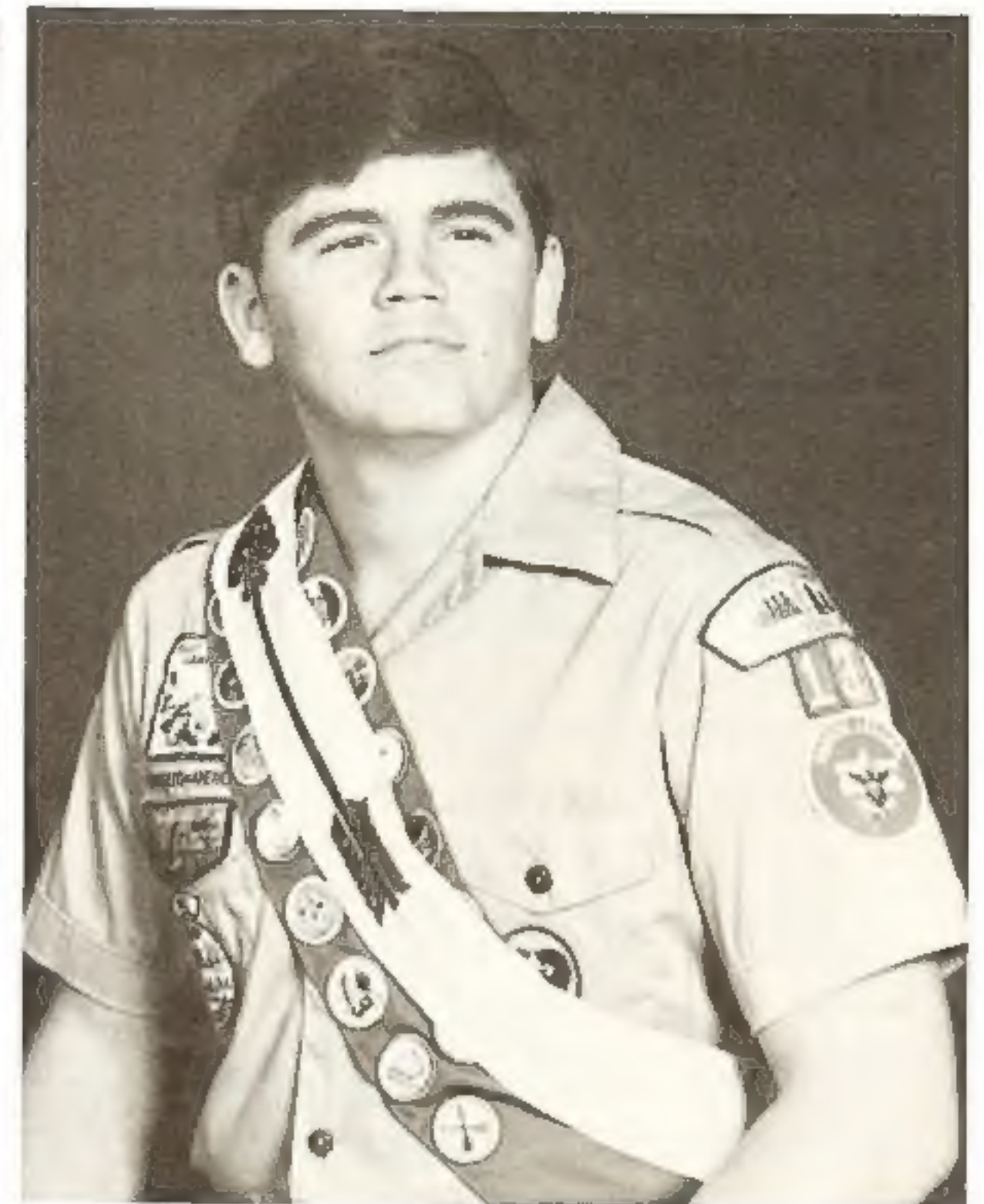
Emile Victor Wilson, 57, Louisiana Station master electrician, died Feb. 21. He is survived by his wife, Leslie Wilson; two daughters, Georgette Wilson and Shelly Hughes; four sons, Michael Wilson, Gregory Wilson, Michael Hughes and Timothy Hughes.

Wilson was a scoutmaster of Troop 124 and den master of Cub Scout Pack 124 of the Boy Scouts.

Baton Rouge retiree dies

F. Van Bush Sr., 71, died Feb. 19, 1983 at Our Lady of the Lake Regional Medical Center. He was a retired GSU Gas Department foreman in the Choctaw service center in Baton Rouge. He is survived by his wife, Lorena M. Bush; a daughter, Judy B. D'Armond; two sons, F. Van Bush Jr. and Leo L. Bush; a sister, Mrs. R. T. Gibbens; a brother, Cecil D. Bush; 11 grandchildren; a great grandson and numerous nieces and nephews.

He was a member of St. George Catholic Church and the Knights of Columbus.



Park bridge leads to Eagle Scout award

After building a bridge at Claiborne Park in Orange, earning 25 merit badges and a membership in the order of the arrow, Albert A. Hetzel Jr. became an Eagle Scout on Feb. 9.

Hetzel's father, Albert Sr., a repairman — 1st class at Neches Station, has two other sons who are working toward being Eagle Scouts.



Sanders welcome another daughter

Kevin Sanders, Conroe test technician-3rd class, and wife Lisa welcomed a daughter on Aug. 22, 1982. Heather Rose Sanders weighed 8 pounds, 15¾ ounces and measured 20 inches. The Sanders have another daughter, Shannon, 7.

ON THE MOVE

A

Amerine, Thomas E., Beaumont, to senior systems analyst, Computer Applications.

Atkinson, Robert L., Nelson Station, to training representative, System Productions.

B

Bright, Randol K., Beaumont, to systems analyst, Computer Applications.

Brocato, Sheryl W., Beaumont, to environmental analyst, Power Plant Engineering & Design.

Burton, Joe L., formerly of Louisiana Station, general maintenance supervisor, transferred to River Bend Nuclear Group, River Bend Site.

Bush, Donna B., Baton Rouge, to energy auditor, Division Consumer Services.

C

Cascio, Joseph D., Baton Rouge, to shop & field tester, Electric T&D.

Cryer, James E., River Bend Site, to surplus equipment & materials specialist, River Bend Nuclear Group.

D

Deason, Michael E., Baton Rouge, to lineman-2nd class, Electric T&D.

Duncan, Glenda B., Port Arthur, to electrician-2nd class, Plant Production.

Duplant, Craig N., Port Arthur, to lineman-1st class, Electric T&D.

F

Fenner, Ervin L., Navasota, to lineman-4th class, Electric T&D.

Fruge, Richard W., formerly of Beaumont Transmission Construction, to start up engineer, River Bend Nuclear Group, River Bend Site.

J

Johnson, Sheila M., Beaumont, to supervisor-general accounting, Accounting Services.

K

Kelley, Howard F., Beaumont, to senior planning & scheduling specialist, River Bend Nuclear Group, Beaumont.

L

Lamousin, Sharon K., Baton Rouge, to customer contact clerk, Division Accounting.

Latinis, Warder S., Beaumont, to systems analyst, Computer Applications.

Lightfoot, Roy L. Jr., Beaumont, to serviceman 4th-class, Electric T&D.

Lovett, Michael W., Beaumont, to second fireman, Plant Production.

M

Mary, James J., Beaumont, to senior financial analyst, Financial Services.

Mathews, Eldridge L., Beaumont, to controls coordinator, System Production.

McHam, Jerry D., Oak Ridge, to superintendent-Woodlands District, Division Operations, Oak Ridge.

Mullen, Jack V., Baton Rouge, to relayman-2nd class, Electric T&D.

O

Ogden, Suzanne, Beaumont, to confidential records clerk, Accounting Services.

P

Patin, Leonard J., Lafayette, to lineman-4th class, Electric T&D.

Peebles, Clarke D., Conroe, to apprentice-T&D, Electric T&D.

Peveto, Michael L., Beaumont, to staff accountant I, Accounting Services.

Petkovsek, David L., Beaumont, to systems analyst, Computer Applications.

Pittman, Victor D., Beaumont, to associate systems analyst, Computer Applications.

R

Rhodus, Jerry L., Baton Rouge, to repairman-3rd class, Plant Production.

Robinson, Donald R., Lake Charles, to building & grounds maintenance man, Electric T&D.

Rumery, Wayne E., Lake Charles, to repairman-1st class, Plant Production.

S

Segree, Ursula M., Beaumont, to secretary, Accounting Services.

Segura, Karl A., Beaumont, to staff accountant I, System Production.

Singh, Pritam, Beaumont, to supervisor-civil engineering, Power Plant Engineering & Design.

Singleton, Billy D., Conroe, to electrician-2nd class, Plant Production.

Simons, Calvin W., Woodville, to lineman-2nd class, Electric T&D.

Stelly, Joseph L., Lafayette, to line foreman, T&D Line.

Stevens, Shelton W., Beaumont, to lineman-1st class, Electric T&D.

Still, Randall L., Beaumont, to mechanical engineer, Power Plant Engineering & Design.

V

Veatch, James T., Willow Glen, to planning supervisor, Plant Production.

W

Williams, Larry R., Baton Rouge, to helper, Gas Department.

Winkleman, Dianna L., New Caney, to district accounting supervisor, Division Accounting.

COMMENTS

"... My life has changed dramatically over the last 10 years, but mine is not a unique condition ..."



Ten years ago, as vice chancellor of Louisiana State University, my only official connection with Gulf States Utilities was as a bill-paying customer. If anyone had predicted that, a decade later, I would be GSU's chairman and chief executive officer, I would have referred that misguided soul to the nearest psychiatrist.

My life has changed dramatically over the last 10 years, but mine is not a unique condition. I am sure each of you can recall changes in your own lives and in the world in general during this past decade. For instance, we have seen the voting age lowered to 18 and the end of the military draft. We witnessed unprecedented visits to China and Moscow by an American President and dealt with the problems of a ban on oil exports to the United States by OPEC nations. Remarkably, we saw a being from another planet (E.T.) win the hearts of young and old and the computer featured as Time Magazine's "Man of the Year" for 1982.

Yes, the world has changed and, like it or not, each of us and our world of work has changed with it. Because other changes are sure to come, it is essential that we posture ourselves to meet the challenges the future will bring to our company, our customers and ourselves. Plans must be set in place to manage our future and to adapt to the changing environment in which we live. In this regard, five objectives for GSU have been set for 1983 and beyond. They are:

- **To emphasize customer service** — Over the years we at GSU have prided ourselves in giving our customers the best electrical service possible. This goal will continue. We plan to listen to our customers

more, to respond to their changing needs and to continue to communicate with them in an open and honest manner.

- **To maintain our financial integrity and conserve capital** — In the light of difficult economic times, we must seek to keep our rates current and realistic, while also giving our shareholders a fair return on their investment. We will continue to find ways to trim costs and to utilize our capital investments to the fullest.
- **To maximize the efficiency of our existing facilities** — Safety will continue to have the highest priority at GSU, and we will focus our operation and maintenance on increased reliability and productivity. In addition to completing the Energy Control Center, we will provide a flexible transmission system to support our plant cycles and purchased power loads, and manage our load to the maximum extent practical.
- **To diversify our fuel mix** — Our 540-megawatt coal-fired Nelson 6 generating unit is already on-line, and our 940-megawatt River Bend 1 nuclear generating unit will be complete in 1985. Extra high voltage additions will include a

500KV interconnection with the Southern Company and the completion of a 500KV loop around Baton Rouge, among others.

- **To emphasize effective human resource management** — During the lean times ahead, we must use every talent and ability we possess to improve our productivity and maximize our manpower. The training and development of our people to work effectively in a changing environment will be an ongoing need. Clear communication will be increasingly important so we can understand where our company is going and how we can help it get there.

As in the past, so also in the future, the key to GSU's success lies in the excellence of its people. While the future is uncertain and the challenge of change is inevitable, the dedication of GSU's people has always been a constant force. Now as never before, we must use our combined abilities to plan for change and to maintain GSU's role as a leader in the utility industry. The past is prologue, but GSU's future is what we make it.

PAUL W. MURRILL
Chairman of the Board and
Chief Executive Officer

"... now as never before, we must use our combined efforts to plan for change and to maintain GSU's role as a leader in the utility industry ..."

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Beaumont, Texas 77704

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Teamwork



Photo by Leslie Gardiner

We can move forward if we pull together.